

26th September 2023

Arkle Resources PLC

(“Arkle” or the “Company”)

Interim Statement for the period ended 30 June 2023

Chairman’s Statement

Arkle continues to make progress on the main business of the Company, mineral exploration. Our partner in the Stonepark zinc project in Ireland has confirmed their intention to drill a deep hole on a good zinc target discovered in 2022. We will shortly undertake a short drilling programme on our Donegal gold licence. Finally, we continue to review a number of overseas investment opportunities, particularly in lithium.

Zinc

For the first time since 1965 there is no zinc production in Ireland due, I hope, to the temporary closure of the Tara Mine in Navan. For almost 60 years, Ireland was a world ranking zinc producer. Known as a zinc province, Ireland was, and still is, highly prospective for zinc.

The Glencore discovery at Pallas Green and the Tara Deep discovery are each world class undeveloped discoveries. We believe the three discoveries at Stonepark, Carrickittle and Ballywire close to the Pallas Green deposit certainly have the makings of another large discovery. The demand for zinc from emerging markets is strong. The zinc price is also strong. But ever-growing capital costs, more and more regulations and the huge rise in recent energy prices have made new projects less economical. As someone actively involved in Irish zinc since the late 1960s, I hope that the Tara closure is temporary.

Our partner, Group Eleven, is the operator on our Stonepark group of five licences. They keep the licences in good standing. They have a number of good drill targets in the Stonepark – Carrickittle – Ballywire corridor. Stonepark is not their top priority. We have maintained our 23.44% interest and have informed Group Eleven that we will participate in the deep hole on Stonepark – when they decided to drill it.

Gold

We hold five licences in the Wicklow / Wexford area in Ireland and one prospective licence in Donegal. We have drill ready targets on the Donegal ground which we will shortly drill. Let me remind shareholders that the Donegal geology is similar to that in the multimillion ounce [Dalradian gold discovery in Tyrone?]. The Dalradian discovery is privately owned.

Over the years, repeated exploration programmes have identified high grade gold in the Wicklow hills. The gold is in veins, often very narrow and nuggety so one hole can hit a nugget giving very high grades whilst the next hole either misses the narrow vein or finds no nuggets and so delivers a low or non-existent grade.

The area needs an intensive drilling programme and Arkle needs a farm out partner to carry most of the cost. The present difficult fundraising environment on the AIM market for explorers makes this difficult.

Lithium

There is lithium in the Wicklow granites. This has been known for decades but until recently lithium in spodumene / pegmatite rocks was not viable. The race to electrify cars and increase battery storage to assist wind and solar projects has greatly increased the demand for lithium. Arkle has undertaken two prospecting programmes in the southern part of the block. Lithium was found but the results were spotty. It needs further work.

We have applied for additional licences in the area.

Other Activities

Given the poor market perception of Irish zinc and gold interests it was decided to look at opportunities outside Ireland.

In the first instance we are looking at lithium projects. In June 2022, we announced the award of licences in Zimbabwe. However, there are difficulties there with title, so the work is paused at present.

In another jurisdiction, we are progressing the acquisition of two licence blocks which may contain lithium, although no previous exploration for this mineral has been carried out on these blocks.

The board has also examined a number of proposals in gold, base metals and rare earths. None have progressed passed due diligence. The programme to find new opportunities is ongoing.

John Teeling
Chairman
25th September 2023

Market Abuse Regulation (MAR) Disclosure

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

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Arkle Resources plc
Financial Information (Unaudited)

Condensed Consolidated Statement of Comprehensive Income

	Six Months Ended	Year Ended	
	30 June 23	30 June 22	
	unaudited	unaudited	
	€'000	€'000	
		31 Dec 22	
		audited	
		€'000	
Administrative expenses	(150)	(139)	(303)
	-	-	-
OPERATING LOSS	(150)	(139)	(303)
Profit/(Loss) due to fair value volatility of warrants	117	160	4
PROFIT/(LOSS) BEFORE TAXATION	(33)	21	(299)
Income tax expense	-	-	-
PROFIT/(LOSS) FOR THE PERIOD AND TOTAL COMPREHENSIVE INCOME	(33)	21	(299)
PROFIT/(LOSS) PER SHARE - basic and diluted	(0.01) c	0.01c	(0.09) c

Condensed Consolidated Statement of Financial Position

	30 June 23	30 June 22	31 Dec 22
	unaudited	unaudited	audited
	€'000	€'000	€'000
NON-CURRENT ASSETS			
Intangible Assets	4,026	3,949	3,991
CURRENT ASSETS			
Other receivables	16	24	7
Cash and cash equivalents	63	120	200
	79	144	207
TOTAL ASSETS	4,105	4,093	4,198
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	(383)	(287)	(326)
Warrants	(39)	-	(156)
	(422)	(287)	(482)
NET CURRENT LIABILITIES	(343)	(143)	(275)
NET ASSETS	3,683	3,806	3,716
EQUITY			
Share Capital - Deferred Shares	992	992	992
Share Capital - Ordinary Shares	988	864	988
Share Premium	6,923	6,817	6,923
Share based payments reserve	156	156	156
Retained deficit	(5,376)	(5,023)	(5,343)
TOTAL EQUITY	3,683	3,806	3,716

Condensed Consolidated Statement of Changes in Shareholders Equity

	Called-up Share Capital Deferred €'000	Called-up Share Capital Ordinary €'000	Share Premium €'000	Share Based Reserves €'000	Retained Deficit €'000	Total €'000
As at 1 January 2022	992	765	6,680	156	(5,044)	3,549
Shares issued	-	99	137	-	-	236
Profit for the period	-	-	-	-	21	21
As at 30 June 2022	992	864	6,817	156	(5,023)	3,806
Shares issued	-	124	106	-	-	230
Loss for the period	-	-	-	-	(320)	(320)
As at 31 December 2022	992	988	6,923	156	(5,343)	3,716
Loss for the period	-	-	-	-	(33)	(33)
As at 30 June 2023	992	988	6,923	156	(5,376)	3,683

	Six Months Ended		Year Ended
	30 June 23	30 June 22	31 Dec 22
	unaudited	unaudited	audited
	€'000	€'000	€'000
<u>Condensed Consolidated Cash Flow</u>			
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year	(33)	21	(299)
Share based payments charge	-	-	0
Fair value movement of warrants	(117)	(160)	(4)
Foreign exchange	(4)	7	12
	(154)	(132)	(291)
Movements in working capital	48	61	117
NET CASH USED IN OPERATING ACTIVITIES	(106)	(71)	(174)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation	(35)	(118)	(160)
NET CASH USED IN INVESTING ACTIVITIES	(35)	(118)	(160)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of equity shares	0	236	466
NET CASH FROM FINANCING ACTIVITIES	0	236	466
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(141)	47	132
Cash and Cash Equivalents at beginning of the period	200	80	80
Effects of exchange rate changes on cash held in foreign currencies	4	(7)	(12)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	63	120	200

Notes:

1. INFORMATION

The financial information for the six months ended 30 June 2023 and the comparative amounts for the six months ended 30 June 2022 are unaudited.

The interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union. The interim financial statements have been prepared applying the accounting policies and methods of computation used in the preparation of the published consolidated financial statements for the year ended 31 December 2022.

The interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2022, which are available on the Company's website www.arkleresources.com

The interim financial statements have not been audited or reviewed by the auditors of the Group pursuant to the Auditing Practices board guidance on Review of Interim Financial Information.

2. No dividend is proposed in respect of the period.

3. EARNINGS PER SHARE

Basic earnings per share is computed by dividing the profit after taxation for the year attributable to ordinary shareholders by the weighted average number of ordinary shares in issue and ranking for dividend during the year. Diluted earnings per share is computed by dividing the profit after taxation for the year by the weighted average number of ordinary shares in issue, adjusted for the effect of all dilutive potential ordinary shares that were outstanding during the year.

The following table sets out the computation for basic and diluted earnings per share (EPS):

	30 June 23	30 June 22	31 Dec 22
Profit/(loss) per share – Basic and Diluted	(0.01) c	0.01c	(0.09) c
<u>Basic profit/(loss) per share</u>			
The earnings and weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:			
	€'000	€'000	€'000
Profit for the year attributable to equity holders	(33)	21	(299)
Denominator	Number	Number	Number
For basic and diluted EPS	395,382,426	330,296,947	343,481,056

Basic and diluted loss per share are the same as the effect of the outstanding share options is anti-dilutive.

4. INTANGIBLE ASSETS

	30 June 23	30 June 22	31 Dec 22
	€'000	€'000	€'000
Exploration and evaluation assets:			
Cost at 1 January	3,991	3,831	3,831
Additions	35	118	160
Closing Balance	4,026	3,949	3,991

In 2007 the Group entered into an agreement with Teck Cominco which gave Teck Cominco the option to earn a 75% interest in a number of other licences held by the Group. Teck Cominco had to spend CAD\$3m to earn the interest. During 2012 the relevant licences were transferred to a new company, TILZ Minerals Limited, which at 30 June 2022 was owned 23.44% (2021: 23.44%) by Limerick Zinc Limited (subsidiary of Arkle Resources plc) and 76.56% (2021: 76.56%) by Group Eleven Resources Corp (third party).

On 13 September 2017 the board of Arkle Resources plc were informed that Group Eleven Resources Corp. a private company, has acquired the 76.56% interest held by Teck Ireland in TILZ Minerals. Arkle Resources plc owns the remaining 23.44%.

The Group's share of expenditure on the licences continues to be capitalised as an exploration and evaluation asset. The Group is subject to cash calls from Group Eleven Resources Corp. in respect of the financing of the ongoing exploration and evaluation of these licences. In the event that the Group decides not to meet these cash calls its interest in TILZ Minerals Limited may be diluted accordingly.

On 23 June 2022 the Company was granted three licences covering 163 hectares to prospect for Lithium in the Insiza District of the Matabeleland South Province of Zimbabwe. The directors believe that these licences, which cover a small area, represent a low-cost entry into one of the largest lithium producing countries in the world.

The realisation of the intangible assets is dependent on the discovery and successful development of economic reserves which is subject to a number of risks as outlined below. Should this prove unsuccessful the carrying value included in the balance sheet would be written off to the statement of comprehensive income.

The group's activities are subject to a number of significant potential risks including;

- Uncertainties over development and operational risks;
- Compliance with licence obligations;
- Ability to raise finance to develop assets;
- Liquidity risks; and
- Going concern risks.

The directors are aware that by its nature there is an inherent uncertainty in such exploration and evaluation expenditure as to the value of the asset. Having reviewed the carrying value of exploration and evaluation of assets at 30 June 2023, the directors are satisfied that the value of the intangible asset is not less than carrying value.

	30 June 23	30 June 22	31 Dec 22
	€'000	€'000	€'000
Segmental Analysis			
Limerick	1,705	1,698	1,705
Rest of Ireland	2,297	2,243	2,274
Zimbabwe	24	8	12
Closing Balance	4,026	3,949	3,991

5. SHARE CAPITAL AND SHARE PREMIUM

		2022 €'000	2021 €'000
Authorised			
1,000,000,000 Ordinary shares of 0.25c each		2,500	2,500
500,000,000 Deferred shares of 0.75c each		3,750	3,750
		<u>6,250</u>	<u>6,250</u>
	Number	Share Capital €'000	Share Premium €'000
<u>Deferred Shares – nominal value of 0.75c</u>	132,311,593	992	-
	Number	Share Capital €'000	Share Premium €'000
<u>Ordinary Shares – nominal value of 0.25c</u>			
Allotted, Called Up and Fully Paid:			
Balance at 1 January 2022	305,982,426	765	6,680
Issued during the period	39,400,000	99	137
Balance at 30 June 2022	345,382,426	864	6,817
Issued during the period	50,000,000	124	106
Balance at 31 December 2022	395,382,426	988	6,923
Issued during the period	-	-	-
Balance at 30 June 2023	395,382,426	988	6,923

Movement in shares

There was no movement in shares in the current period.

6. SHARE BASED PAYMENTS – OPTIONS

Equity-settled share-based payments are measured at fair value at the date of grant.

The Group plan provides for a grant price equal to the average quoted market price of the ordinary shares on the date of grant.

	30 Jun 23 '000	Weighted average exercise price in pence	30 Jun22 '000	Weighted average exercise price in pence	31 Dec 22 '000	Weighted average exercise price in pence
Outstanding at beginning of period	16,100	1.32	16,100	1.32	16,100	1.32
Granted during the period	-		-		-	
Expired during the period	-		-		-	
Outstanding at end of period	16,100	1.32	16,100	1.32	16,100	1.32
Exercisable at end of period	16,100	1.32	16,100	1.32	16,100	1.32

7. SHARE BASED PAYMENTS – WARRANTS

Fair Value

	30 June 23	30 June 22	31 Dec 22
	€'000	€'000	€'000
At beginning of period	156	160	-
Issued during the period	-	-	156
Expired during the period	-	(4)	-
Exercised during the period	-	(72)	-
Movement in fair value	(117)	(84)	-
Closing Balance	39	-	156

	30 June 23	30 June 22	31 Dec 22
	€'000	€'000	€'000
Profit/(Loss) due to Fair Value Volatility of Warrants			
Fair Value at 1 January	156	160	160
Less Fair Value at end of period	39	-	156
Movement for the period	117	160	4

Number

	30 June 23	30 June 22	31 Dec 22
	'000	'000	'000
Outstanding at beginning of period	50,000	110,463	69,063
Granted during the period	-	-	50,000
Exercised during the period	-	(39,400)	-
Expired during the period	-	(2,000)	(69,063)
Closing Balance	50,000	69,063	50,000

On 1 January 2023 a total of 50,000,000 warrants with an exercise price of 0.5p per warrant and a fair value of €155,690 were outstanding. These warrants have an expiry date of 24 November 2024. The movement in fair value for the period to 30 June 2033 of €117,330 was expensed to the Consolidated Statement of Comprehensive Income. The fair value was calculated using the Black-Scholes valuation model.

8. POST BALANCE SHEET EVENTS

There are no material post balance sheet events affecting the Company.

9. The Interim Report for the six months to 30 June 2023 was approved by the Directors on 25th September 2023.

10. The Interim Report will be available on Arkle Resources PLC's website www.arkleresources.com